

# Feds pull financial aid tool after potential data breach

March 30 2017, by Collin Binkley

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Families applying for federal student aid are facing extra hurdles this year after a potential data breach led federal officials to remove an online tool that smoothed the process.

The Education Department and the Internal Revenue Service said Thursday that an online service known as the Data Retrieval Tool will stay offline for the rest of this application season. In the past, families could use the [tool](#) to import their tax information automatically to the Free Application for Federal Student Aid, a complex form needed to get federal aid.

Now families filing the form will have to fill out their tax information manually using old tax returns, an obstacle that some education experts fear will deter families from filing.

"It's not impossible, but it it's going to make it more difficult," said Justin Draeger, president and chief executive of the National Association of Student Financial Aid Administrators. "Not everybody has access to their prior year's return."

Federal officials unexpectedly removed the online tool in early March, at a time when many families across the U.S. were applying for aid. The IRS later said they shut it down because [identity thieves](#) may have used personal information "obtained outside the tax system" to access the online tool in an attempt to steal further data.

Identity thieves could use that information to generate fake tax returns and claim the tax refunds. The IRS said it's still trying to determine how many taxpayers might have been affected, but added that the agency had already stopped some questionable tax returns that were filed by users who accessed the tool.

IRS Commissioner John Koskinen acknowledged the inconvenience, but said the agency couldn't risk the safety of taxpayer data.

"Protecting taxpayer data has to be the highest priority, and we will continue working with (the Education Department office that handles [student](#) aid) to bring this tool back in a safe and secure manner," Koskinen said in a statement.

For families that don't have copies of their tax returns, the IRS suggests trying to retrieve the documents from their tax preparers or the software they used to file it. If needed, the IRS can also provide a tax transcript that includes a summary of previously filed [tax returns](#).

The tool's absence could cause extra work for colleges, too. The IRS routinely asks campuses to verify the [tax information](#) on the form from certain students as a security measure. In the past, students who didn't use the [online tool](#) were more likely to be selected for extra verification, Draeger said. Some colleges have already noticed an increase in verification requests this year.

"If nobody is using the IRS data retrieval tool, it's unclear whether this is going to throw a wrench into their income verification modeling," Draeger said.

Federal officials say the data tool will remain offline until the start of the next FAFSA season, which typically begins Oct. 1.

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